



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
SCOTT COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable George H. Lusby, County Judge/Executive

Members of the Scott County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Scott County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Scott County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Scott County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Scott County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable George H. Lusby, County Judge/Executive
Members of the Scott County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Scott County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2000, on our consideration of Scott County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 24, 2000

SCOTT COUNTY OFFICIALS

Fiscal Year Ended June 30, 1999

George H. Lusby	County Judge/Executive
J. Clay McKnight	County Attorney
Donna Perry	County Clerk
Martha Mitchell	Circuit Court Clerk
Bobby Hammons	Sheriff
Larry A. Covington	Jailer
Emily Jane Rankin	Property Valuation Administrator
Peggy Atkins	County Treasurer
Stanley Hughes	Coroner
Jim McClanahan	Magistrate
Jack Wise	Magistrate
John T. Hoffman	Magistrate
Tom Prather	Magistrate
Bobby Rankin	Magistrate
Gary Perry	Magistrate
Anna Isaacs	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

SCOTT COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:

Cash	\$ 1,495,903
Investments	8,800,000

Road and Bridge Fund:

Cash	19,458
------	--------

Jail Fund:

Cash	16,740
------	--------

Jail Commissary Fund:

Cash	2,608
------	-------

Local Government Economic Assistance Fund:

Cash	58,827
------	--------

Community Development Block Grant Revolving Fund:

Cash	13,945
Notes Receivable (Note 4)	21,637

McCracken Trust Fund:

Cash	1,422
Investments	75,295

John Graves Ford Memorial Hospital Fund:

Cash	88,232
Investments	328,000

Municipal Properties Corporation Courthouse

Bond Fund:

Paying Agent	92
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Public Properties Corporation Fund:

Cash	54
Investments	3,185,500

Payroll Account - Cash

20,884

Other Resources

Public Properties Corporation Fund:

Amounts to be Provided in Future Years for Bond Principal Payments	3,664,446
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Total Assets and Other Resources

\$ 17,793,043

The accompanying notes are an integral part of the financial statements.

SCOTT COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1999
 (Continued)

Liabilities and Fund Balances

Liabilities

Municipal Properties Corporation Courthouse

Bond Fund:

Interest Matured and Unpresented	\$ 92
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Public Properties Corporation Fund:

Bond Principal Not Matured (Note 5)	6,850,000
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Community Development Block Grant Revolving

Loan Fund:

Deferred Revenue (Note 4)	21,637
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Payroll Account	20,884
-----------------	--------

Fund Balances

Reserved:

Jail Commissary Fund	2,608
----------------------	-------

Community Development Block Grant Revolving Fund	13,945
--	--------

McCracken Trust Fund	76,717
----------------------	--------

John Graves Ford Memorial Hospital Fund	416,232
---	---------

Unreserved:

General Fund	10,295,903
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Road and Bridge Fund	19,458
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Jail Fund	16,740
-----------	--------

Local Government Economic Assistance Fund	58,827
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Total Liabilities and Fund Balances	<u>\$ 17,793,043</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

SCOTT COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 19,106,298	\$ 16,968,567	\$ 867,928	\$ 597,509
Transfers In	4,759,705	184,678	1,995,000	1,339,000
Jail Commissary Fund Receipts	63,150			
Total Cash Receipts	<u>\$ 23,929,153</u>	<u>\$ 17,153,245</u>	<u>\$ 2,862,928</u>	<u>\$ 1,936,509</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 16,845,531	\$ 11,224,564	\$ 2,874,264	\$ 1,576,598
Transfers Out	4,759,705	4,229,759		345,268
Bonds:				
Principal Paid	245,000			
Interest Paid	412,902			
Jail Commissary Fund Expenditures	65,454			
Total Cash Disbursements	<u>\$ 22,328,592</u>	<u>\$ 15,454,323</u>	<u>\$ 2,874,264</u>	<u>\$ 1,921,866</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 1,600,561	\$ 1,698,922	\$ (11,336)	\$ 14,643
Cash Balance - July 1, 1998*	<u>12,485,515</u>	<u>8,596,981</u>	<u>30,794</u>	<u>2,097</u>
Cash Balance - June 30, 1999*	<u><u>\$ 14,086,076</u></u>	<u><u>\$ 10,295,903</u></u>	<u><u>\$ 19,458</u></u>	<u><u>\$ 16,740</u></u>

*Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

SCOTT COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1999
 (Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	Community Development Block Grant Fund	Community Development Block Grant Revolving Fund	McCracken Trust Fund	John Graves Ford Memorial Hospital Fund
\$	\$ 94,304	\$ 370,915 813,870	\$ 12,139	\$ 3,885	\$ 19,870
63,150					
\$ 63,150	\$ 94,304	\$ 1,184,785	\$ 12,139	\$ 3,885	\$ 19,870
\$	\$ 87,722	\$ 1,062,045 184,678	\$ 8,686	\$ 2,778	\$ 8,874
65,454					
\$ 65,454	\$ 87,722	\$ 1,246,723	\$ 8,686	\$ 2,778	\$ 8,874
\$ (2,304) 4,912	\$ 6,582 52,245	\$ (61,938) 61,938	\$ 3,453 10,492	\$ 1,107 75,610	\$ 10,996 405,236
\$ 2,608	\$ 58,827	\$ 0	\$ 13,945	\$ 76,717	\$ 416,232

The accompanying notes are an integral part of the financial statements.

SCOTT COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Municipal Properties Corporation Courthouse Bond Fund	Public Properties Corporation Fund
<u>Cash Receipts</u>		
Schedule of Operating Revenue	\$ 19	\$ 171,162
Transfers In		427,157
Jail Commissary Fund Receipts		
Total Cash Receipts	<u>\$ 19</u>	<u>\$ 598,319</u>
<u>Cash Disbursements</u>		
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	\$
Transfers Out		
Bonds:		
Principal Paid		245,000
Interest Paid		412,902
Jail Commissary Fund Expenditures		
Total Cash Disbursements	<u>\$ 0</u>	<u>\$ 657,902</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 19	\$ (59,583)
Cash Balance - July 1, 1998*	<u>73</u>	<u>3,245,137</u>
Cash Balance - June 30, 1999*	<u>\$ 92</u>	<u>\$ 3,185,554</u>

*Cash Balance Includes Investments

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Scott County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund, Municipal Properties Corporation Courthouse Bond Fund, and Public Properties Corporation Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Scott County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.85 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits:

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of March 31, 1999, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$466,849 of public funds uninsured and unsecured.

SCOTT COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of March 31, 1999.

	<u>Bank Balance</u>
Collateralized with securities held by pledging depository institution in the county's name	10,768,097
Uncollateralized and uninsured	<u>466,849</u>
Total	<u><u>\$ 11,234,946</u></u>

Note 4. Receivable

During project year 1984, CDBG No. B-84-DC-21-(003) in the amount of \$125,000, was awarded to Scott County and C and D Products Company for a new facility. C and D Products Company is obligated to repay Scott County CDBG Revolving Fund \$125,000, at 5 percent interest, over 180 months. The C and D Products Company makes monthly payments of \$988 and is in substantial compliance with the terms of the agreement.

The total note receivable of the Community Development Block Grant Revolving Fund at June 30, 1999, is \$21,637.

Note 5. Long Term Debt

- A. In January 1990, Scott County Public Properties Corporation Fund issued \$4,950,000 of lease revenue bonds, series 1990. The proceeds were used to pay for construction of the Scott County Jail and Justice Complex. In September 1997 these bonds were refinanced by bond series 1997, which will refund outstanding 1990 series bonds maturing on and after January 1, 2002 to 2010.

SCOTT COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 5. Long Term Debt (Continued)

A. (Continued)

Interest is payable semi-annually on January 1 and July 1, of each year, and principal is due on January 1, of each year, in the amounts stated below.

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1999-2000	\$ 242,285	\$ 220,000
2000-2001	227,875	235,000
2001-2002	212,365	250,000
2002-2003	195,615	270,000
2003-2004	177,390	290,000
2004-2005	157,670	310,000
2005-2006	136,280	330,000
2006-2007	113,180	355,000
2007-2008	87,975	380,000
2008-2009	60,995	410,000
2009-2010	31,680	440,000
Totals	<u>\$ 1,643,310</u>	<u>\$ 3,490,000</u>

- B. In September 1997, Scott County Public Properties Corporation Fund issued \$3,415,000 of lease revenue refunding bonds, series 1997. The bonds were issued for advance refunding of the outstanding 1990 bonds maturing on and after January 1, 2002 to 2010.

Interest is payable semi-annually on January 1 and July 1, of each year, and principal is due January 1, of each year, in the amounts stated below.

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
1999-2000	\$ 155,693	\$ 45,000
2000-2001	153,825	45,000
2001-2002	151,890	295,000
2002-2003	138,910	315,000
2003-2004	124,735	330,000
2004-2005	109,555	345,000

SCOTT COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1999
 (Continued)

Note 5. Long Term Debt (Continued)

B. (Continued)

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2005-2006	\$ 93,513	\$ 360,000
2006-2007	76,593	380,000
2007-2008	58,733	395,000
2008-2009	40,168	415,000
2009-2010	<u>20,663</u>	<u>435,000</u>
Totals	<u>\$ 1,124,278</u>	<u>\$ 3,360,000</u>

Debt service requirements for fiscal year ending June 30, 2000, are as follows:

Interest	\$ 397,978
Principal	<u>265,000</u>
Total	<u>\$ 662,978</u>

Note 6. Insurance

For the fiscal year ended June 30, 1999, Scott County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

SCOTT COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 7,692,997	\$ 16,968,567	\$ 9,275,570
Road and Bridge Fund	3,128,190	867,928	(2,260,262)
Jail Fund	1,946,946	597,509	(1,349,437)
Local Government Economic Assistance Fund	102,000	94,304	(7,696)
Community Development Block Grant Fund	1,433,370	370,915	(1,062,455)
Community Development Block Grant Revolving Fund	14,700	12,139	(2,561)
McCracken Trust Fund	3,000	3,885	885
John Graves Ford Memorial Hospital Fund	16,500	19,870	3,370
Totals	<u>\$ 14,337,703</u>	<u>\$ 18,935,117</u>	<u>\$ 4,597,414</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 14,337,703
Add: Budgeted Prior Year Surplus	6,097,000
Less: Other Financing Uses	<u>(429,755)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 20,004,948</u>

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SCHEDULE OF OPERATING REVENUE

SCOTT COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes and Excess Fees</u>				
Sheriff:				
Taxes	\$ 1,082,136	\$ 1,082,136	\$	\$
Franchise Corporation Taxes	27,048	27,048		
Excess Fees	450,467	450,467		
Bank Franchise Deposit Tax	40,385	40,385		
County Clerk:				
Deed Transfer Tax	147,883	147,883		
Motor Vehicle Licenses	246,748	246,748		
Delinquent Taxes	26,568	26,568		
Excess Fees	861,459	861,459		
Tangible Personal Property Taxes:				
Other Counties	37,781	37,781		
County Clerk	17,824	17,824		
Occupational Employment Tax	8,446,599	8,446,599		
Net Profit Tax	3,868,470	3,868,470		
Telephone 911 Surcharge	85,925	85,925		
Totals	<u>\$ 15,339,293</u>	<u>\$ 15,339,293</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>U.S. Treasurer</u>				
Housing Prisoners	<u>\$ 294,720</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 294,720</u>
<u>Federal Receipts - State Treasurer</u>				
Community Development Block Grants - Waterline Extensions Project				
	\$ 236,397	\$	\$	\$
COPS Grant	<u>26,303</u>	<u>26,303</u>		
Totals	<u>\$ 262,700</u>	<u>\$ 26,303</u>	<u>\$ 0</u>	<u>\$ 0</u>

[illegible]

SCOTT COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Public Properties Corporation Fund
Revenue From Local Taxes <u>and Excess Fees</u>	
Sheriff:	
Taxes	\$
Franchise Corporation Taxes	
Excess Fees	
Bank Franchise Deposit Tax	
County Clerk:	
Deed Transfer Tax	
Motor Vehicle Licenses	
Delinquent Taxes	
Excess Fees	
Tangible Personal Property Taxes:	
Other Counties	
County Clerk	
Occupational Employment Tax	
Net Profit Tax	
Telephone 911 Surcharge	
Totals	\$ 0
<u>U.S. Treasurer</u>	
Housing Prisoners	\$ 0
<u>Federal Receipts - State Treasurer</u>	
Community Development Block Grants - Waterline Extensions Project	\$
COPS Grant	
Totals	\$ 0

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SCOTT COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Kentucky State Treasurer

Jail:

Allotments	\$ 69,034	\$	\$	\$ 69,034
Medical Allotments	5,037			5,037
DUI Service Fees	6,752			6,752
Jail Bond Acceptance Fees	5,920			5,920
Controlled Intake	106,964			106,964
County Road Aid	560,238		560,238	
Rural Secondary Road Aid	100,000		100,000	
Public Defender Allotment	14,916	14,916		
Truck License Distribution	161,449		161,449	
Recouped Public Defender Fees	11,850	11,850		
Base Court Revenue	52,952	52,952		
Courthouse Rental - Administrative				
Office of the Courts	177,659	177,659		
Election Expense Reimbursement	13,770	13,770		
Refunds:				
Legal Process Tax	255	255		
Drivers Licenses	3,049		3,049	
Dog Licenses	766	766		
Severance Taxes:				
Coal	28,088			
Mineral	64,692			
Board of Assessments	1,350	1,350		
Grants:				
Disaster and Emergency				
Assistance Grant -				
Coordinator Salary	4,051	4,051		
State Grants	56,500	56,500		
Police Incentive Pay	52,058	52,058		
Firefighter Incentive Pay	55,742	55,742		
Totals	\$ 1,553,092	\$ 441,869	\$ 824,736	\$ 193,707

SCOTT COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Community Development Block Grant Revolving Fund	McCracken Trust Fund	John Graves Ford Memorial Hospital Fund	Municipal Properties Corporation Courthouse Bond Fund

\$	\$	\$	\$	\$	\$
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28,088
 64,692

\$ 92,780	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
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SCOTT COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Public Properties Corporation Fund
<u>Kentucky State Treasurer</u>	
Jail:	
Allotments	\$
Medical Allotments	
DUI Service Fees	
Jail Bond Acceptance Fees	
Controlled Intake	
County Road Aid	
Rural Secondary Road Aid	
Public Defender Allotment	
Truck License Distribution	
Recouped Public Defender Fees	
Base Court Revenue	
Courthouse Rental - Administrative	
Office of the Courts	
Election Expense Reimbursement	
Refunds:	
Legal Process Tax	
Drivers Licenses	
Dog Licenses	
Severance Taxes:	
Coal	
Mineral	
Board of Assessments	
Grants:	
Disaster and Emergency	
Assistance Grant -	
Coordinator Salary	
State Grants	
Police Incentive Pay	
Firefighter Incentive Pay	
Totals	\$ 0

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SCOTT COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 669,682	\$ 471,892	\$ 1,053	\$
Circuit Court Clerk:				
Court Costs and Jail Operation	42,790			42,790
Work Release	20,400			20,400
Jail:				
Telephone Commission Refunds	25,328			25,328
Contracts - Other Counties	10,460			10,460
Medical Reimbursements	9,258			9,258
Community Development Block				
Grant Loan Repayments -	11,862			
Foot Patrol	77,564	77,564		
Georgetown Municipal Water -				
Waterline Extension Project	134,518			
Licenses and Permits:				
Building Permits	51,709	51,709		
Dog License Fees	1,293	1,293		
Electrical Permit Fees	1,962	1,962		
Electrical Licenses	13,515	13,515		
Electrical Inspection Fees	116,844	116,844		
Cable TV Franchise	16,273	16,273		
Charges for Services:				
Animal Adoption Fees	25,303	25,303		
Vending Machine Commission	28		28	
Reimbursements:				
Insurance	156	156		
Telephone	13,601	13,601		
Other	389,114	349,338	38,930	846
Recycling Fees	9,185	9,185		
Surplus Machinery/Equipment Sales	4,342	1,410	2,932	
Rentals and Leases	9,260	9,260		
Miscellaneous Items	2,046	1,797	249	
Totals	\$ 1,656,493	\$ 1,161,102	\$ 43,192	\$ 109,082
Total Operating Revenue	\$ 19,106,298	\$ 16,968,567	\$ 867,928	\$ 597,509

SCOTT COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Community Development Block Grant Fund	Community Development Block Grant Revolving Fund	McCracken Trust Fund	John Graves Ford Memorial Hospital Fund	Municipal Properties Corporation Courthouse Bond Fund
\$ 1,524	\$	\$ 277	\$ 3,885	\$ 19,870	\$ 19

11,862

134,518

\$ 1,524	\$ 134,518	\$ 12,139	\$ 3,885	\$ 19,870	\$ 19
\$ 94,304	\$ 370,915	\$ 12,139	\$ 3,885	\$ 19,870	\$ 19

SCOTT COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Public Properties Corporation Fund
<u>Miscellaneous Revenue</u>	
Interest	\$ 171,162
Circuit Court Clerk:	
Court Costs and Jail Operation	
Work Release	
Jail:	
Telephone Commission Refunds	
Contracts - Other Counties	
Medical Reimbursements	
Community Development Block	
Grant Loan Repayments -	
Foot Patrol	
Georgetown Municipal Water -	
Waterline Extension Project	
Licenses and Permits:	
Building Permits	
Dog License Fees	
Electrical Permit Fees	
Electrical Licenses	
Electrical Inspection Fees	
Cable TV Franchise	
Charges for Services:	
Animal Adoption Fees	
Vending Machine Commission	
Reimbursements:	
Insurance	
Telephone	
Other	
Recycling Fees	
Surplus Machinery/Equipment Sales	
Rentals and Leases	
Miscellaneous Items	
Totals	\$ 171,162
Total Operating Revenue	\$ 171,162

COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

SCOTT COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 55,345	\$ 52,071	\$ 3,274
Administrative Assistant	32,001	32,000	1
Executive Secretary	27,519	27,518	1
Secretary	23,588	20,744	2,844
Office of County Attorney:			
Salaries-			
County Attorney	22,048	21,836	212
Office Staff	261,592	260,738	854
Office Materials and Supplies	15,000	11,476	3,524
Office of County Clerk:			
Salaries-			
County Clerk	55,345	52,071	3,274
Deputies	315,500	306,405	9,095
Temporary/Part-Time Help	20,000		20,000
County Clerk Expense Allocation	3,600	3,462	138
Office Materials and Supplies	195,000	151,575	43,425
Postal Charges	30,000	15,513	14,487
Office Equipment	5,000	4,050	950
Office of Sheriff:			
Salaries-			
Sheriff	55,345	52,071	3,274
Deputies	668,706	625,682	43,024
Overtime - Foot Patrol	75,000	62,514	12,486
Patrolmen - COPS Grant	46,334	40,696	5,638
KLEFPF	81,000	55,428	25,572
Advertising Tax Bills	5,000	1,902	3,098
Matching Grant	10,000		10,000
Gasoline	44,575	26,281	18,294
Materials and Supplies	102,874	100,984	1,890
Uniforms	13,000	13,000	

SCOTT COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Sheriff: (Continued)			
Postage	\$ 16,425	\$ 16,425	\$
Motor Vehicles	125,000	124,742	258
Travel	10,000	555	9,445
Office of County Coroner:			
Salaries-			
County Coroner	12,971	12,592	379
Deputy Coroner	9,600	8,529	1,071
Office Supplies	8,140	7,956	184
Training	1,597	1,596	1
Fiscal Court:			
Magistrates Salary	75,000	70,751	4,249
Fiscal Court Clerk Salary	4,289	4,288	1
Other Salaries	16,000	14,073	1,927
Office of Property Valuation Administrator:			
Statutory Contribution	50,400	50,400	
Office of Board of Assessment Appeals:			
Per Diem	2,800	2,720	80
Office of County Treasurer:			
County Treasurer Salary	34,800	34,797	3
Payroll Clerk	28,083	27,236	847
Data Processing Services	15,000	11,443	3,557
Data Processing Supplies	1,000		1,000

SCOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Tax Administration:			
Salaries -			
Tax Director	\$ 29,016	\$ 28,793	\$ 223
Other Salaries	24,388	24,358	30
Refunds	430,000	415,003	14,997
Data Processing:			
Computer Programmer	2,631	2,630	1
County Law Library:			
Law Librarian Salary	600		600
Elections:			
Per Diem-			
Election Commissioners	6,000	3,257	2,743
Election Officers	23,283	23,213	70
Election Ballot Instructions	15,000	8,325	6,675
Planning and Zoning:			
Matching Share	259,981	259,981	
Economic Development:			
Contribution-			
Scott United	30,000	30,000	
Fences	10,000		10,000
Special Projects	100,000	100,000	
Airport	100,000	100,000	
Courthouse:			
Salaries-			
Custodial Personnel	75,000	53,416	21,584
Legal Services	12,000	10,524	1,476
Cardone Center Rental	5,000	1,600	3,400
Custodial Supplies	9,933	4,573	5,360
Office Supplies	27,000	26,353	647
Travel and Training	10,067	10,063	4

SCOTT COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Courthouse: (Continued)			
Utilities	\$ 240,000	\$ 231,751	\$ 8,249
Maintenance and Repairs	60,000	59,763	237
Furniture and Fixtures	65,000	43,499	21,501
Other County Properties:			
Contracted Services	11,800	11,175	625
Justice Building:			
Utilities	30,000	28,651	1,349
Maintenance and Repairs	50,000	37,955	12,045
Building Code Enforcement:			
Matching Share	92,766	69,575	23,191
Electrical Inspector:			
Supervisor	33,758	33,758	
Office Staff	58,500	51,396	7,104
Office Materials and Supplies	13,000	9,217	3,783
Training	8,400	7,254	1,146
Vehicle	18,000	16,265	1,735
Payment to Government Agencies	75,000	71,080	3,920
<u>Protection of Persons and Property</u>			
County Fire Department:			
Salaries-			
County Fire Chief	38,541	38,540	1
Firefighters	550,408	540,667	9,741
Incentive Pay	63,250	45,455	17,795
Volunteer Firefighters	68,000	66,904	1,096
Installation of Fire Plugs	12,000	750	11,250
Rental of Fire Plugs	60,000	30,875	29,125
Building Maintenance Supplies	45,000	44,715	285
Machinery and Equipment	92,885	92,422	463
Motor Vehicle Parts	29,000	26,573	2,427
Office Supplies	51,241	51,240	1

SCOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection of Persons and Property</u> (Continued)			
County Fire Department:(Continued)			
Petroleum Products	\$ 15,000	\$ 13,062	\$ 1,938
Uniforms and Protective Clothing	36,000	32,512	3,488
Vehicles	195,000	193,686	1,314
Disaster and Emergency Services:			
Salaries-			
Director	6,001	6,000	1
Secretary	19,604	19,597	7
Office Materials and Supplies	10,100	9,412	688
Uniforms	400	352	48
Utilities	3,000	2,220	780
Maintenance and Repair	3,000	2,711	289
Communication Equipment	2,500	2,082	418
Vehicle	34,652	34,652	
Ambulance Service:			
Matching Share	498,400	498,400	
Dispatching Services E-911:			
Salaries	400,000	300,000	100,000
Matching Grant - Commonwealth Attorney			
Grant	3,500	3,500	
Office of Public Defender:			
Contribution	30,000	29,749	251
Public Defender Program	12,000	7,000	5,000
<u>General Health and Sanitation</u>			
Animal Shelter:			
Salaries	150,000	116,199	33,801
Animal Food and Supplies	11,500	11,077	423
Other Materials and Supplies	27,528	27,528	
Dog Tags	2,000	1,367	633

SCOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Health and Sanitation</u> (Continued)			
Animal Shelter: (Continued)			
Medical Services	\$ 22,472	\$ 22,030	\$ 442
Training	2,000	1,329	671
Vehicle	19,000	19,000	
Solid Waste Collection:			
County Coordinator Salary	25,896	25,896	
Recycling Center Construction	55,000		55,000
Matching Share	75,320	63,706	11,614
Solid Waste Commission	10,000	1,510	8,490
Contracted Services	1,600	1,600	
Office Supplies	3,000	2,033	967
Special Project-Cleanup	40,000	39,551	449
Training	3,000	136	2,864
Soil and Water Conservation:			
Contribution	26,000	26,000	
Special Project	30,000	30,000	
Office Furniture	10,000	10,000	
<u>Social Services</u>			
Service to Indigents:			
Contribution	1,000		1,000
Senior Citizens Program:			
Program Support	65,000	65,000	
Rent	7,066	6,967	99
Building	250,634	250,633	1
General Welfare:			
Checkpoint	10,000	10,000	
Cemeteries and Memorials:			
Cemetery Payments	75,000	59,698	15,302

SCOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Social Services</u> (Continued)			
Other Social Service Programs:			
Contribution	\$ 65,280	\$ 63,780	\$ 1,500
Comprehensive Care Program	12,000	12,000	
Education	69,300	69,300	
<u>Recreation and Culture</u>			
Parks:			
Matching Share - Indoor Facility	250,000	100,230	149,770
Parks and Recreation Board	320,000	320,000	
Center of Town	75,000	75,000	
Park Land	1,250,000	1,234,296	15,704
Capital Improvement	100,000	36,878	63,122
County Museum:			
Historic	47,584	47,584	
Extension Service:			
Special Project	50,000	50,000	
<u>Capital Projects</u>			
Capital Projects:			
Reservoir and Property Fire	100,000	46,598	53,402
Water Lines and Dam Replacement	1,300,000	728,379	571,621
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Transfers	301,318		301,318
General Services:			
Architect Services	5,000		5,000
Audit Services	20,000	12,654	7,346
Insurance - Liability	220,000	199,308	20,692

SCOTT COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Administration</u> (Continued)			
General Services: (Continued)			
Memberships-			
County Judge's Association	\$ 2,500	\$ 2,145	\$ 355
ADD	2,000	1,975	25
KACO	1,200	900	300
NACO	1,000	421	579
Miscellaneous	1,000	700	300
Sadieville and Stamping Ground	194,962	194,962	
Fringe Benefits:			
County Contributions-			
Social Security	300,000	202,364	97,636
Retirement	450,000	338,365	111,635
Life Insurance	8,000	6,010	1,990
Health Insurance	500,000	458,741	41,259
Worker's Compensation	200,000	23,309	176,691
Unemployment Insurance	60,000	14,781	45,219
Total Operating Budget	\$ 13,609,242	\$ 11,224,564	\$ 2,384,678
Other Financing Uses:			
Transfers to Public Properties			
Corporation Fund	83,755	81,888	
Total General Fund	\$ 13,692,997	\$ 11,306,452	\$ 2,384,678
<u>ROAD AND BRIDGE FUND</u>			
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	\$ 41,041	\$ 41,040	\$ 1
Road Maintenance:			
Salaries-			
Road Labor	671,999	601,535	70,464

SCOTT COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES
Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Roads</u> (Continued)			
Road Maintenance: (Continued)			
Gasoline	\$ 45,000	\$ 26,745	\$ 18,255
Machinery and Equipment	430,000	387,235	42,765
Materials	1,150,000	1,104,084	45,916
Uniforms	9,000	7,669	1,331
Bridge Construction	420,000	418,122	1,878
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Retirement	66,200	48,803	17,397
Social Security	60,000	46,512	13,488
Health Insurance	141,250	140,932	318
Life Insurance	2,700	1,587	1,113
Worker's Compensation	74,000	50,000	24,000
Unemployment Insurance	17,000		17,000
Total Road and Bridge Fund	\$ 3,128,190	\$ 2,874,264	\$ 253,926

JAIL FUNDProtection to Persons and Property

Office of Jailer:

Personnel Services-

Salaries-

Jailer	\$ 50,246	\$ 49,651	\$ 595
Jail Personnel	561,000	558,221	2,779
Other Staff	52,500	52,055	445
Citodial Personnel	11,250	8,705	2,545

Operations-

Contracts with Other Counties	2,000	50	1,950
Cleaning Supplies	35,400	35,358	42

SCOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer: (Continued)			
Food Preparation	\$ 3,000	\$ 2,416	\$ 584
Food	129,000	128,663	337
Jail Linens	2,900	1,798	1,102
Office Supplies	7,020	7,011	9
Utilities	65,800	65,710	90
Pest Control	1,000	480	520
Prisoner Clothing	1,500	781	719
Prisoner Hygiene	5,200	4,442	758
Routine Medical	119,000	118,580	420
Staff Uniforms	26,000	25,944	56
Staff Training	1,950	1,927	23
Staff Travel	1,500	571	929
Telephone	8,000	7,696	304
Miscellaneous Operating Expense	1,000	120	880
Maintenance-			
Building Repairs	21,980	20,959	1,021
Equipment Repairs	56,500	56,496	4
Communication	6,900	6,891	9
Data Processing	4,000	3,569	431
Food Service	2,500	2,495	5
Furniture and Fixtures	4,000	3,221	779
Law Enforcement Equipment	11,100	11,042	58
Motor Vehicle	1,000	835	165
Other Equipment	2,000	1,746	254
Juvenile Detention:			
Contracts with Other Counties	85,000	84,835	165
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	400		400
Insurance - Liability	2,400	2,351	49
Association Dues	1,500	900	600

SCOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Administration</u> (Continued)			
Fringe Benefits:			
County Contributions-			
Retirement	\$ 117,500	\$ 115,096	\$ 2,404
Social Security	48,900	46,922	1,978
Life Insurance	2,000	1,657	343
Health Insurance	123,000	122,404	596
Worker's Compensation	25,000	25,000	
Total Operating Budget	\$ 1,600,946	\$ 1,576,598	\$ 24,348
Other Financing Uses:			
Transfers to Public Properties			
Corporation Fund	346,000	345,268	732
Total Jail Fund	\$ 1,946,946	\$ 1,921,866	\$ 25,080
LOCAL GOVERNMENT ECONOMIC <u>ASSISTANCE FUND</u>			
<u>Transportation Facilities and Services</u>			
<u>Roads</u>			
Road Maintenance:			
Materials	\$ 122,000	\$ 87,722	\$ 34,278
COMMUNITY DEVELOPMENT <u>BLOCK GRANT FUND</u>			
Economic Development:			
Water Line	\$ 1,283,370	\$ 1,062,045	\$ 221,325
Reserve For Transfers	150,000		150,000
Total Community Development Block Grant Fund	\$ 1,433,370	\$ 1,062,045	\$ 371,325

SCOTT COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999

	Final Budget	Budgeted Expenditures	Under (Over) Budget
COMMUNITY DEVELOPMENT			
<u>BLOCK GRANT REVOLVING FUND</u>			
Economic Development:			
Bluegrass Industrial Foundation	\$ 1,200	\$ 1,186	\$ 14
Chamber of Commerce	7,500	7,500	
Reserve For Transfers	13,000		13,000
Total Community Development			
Block Grant Revolving Fund	\$ 21,700	\$ 8,686	\$ 13,014
<u>McCRACKEN TRUST FUND</u>			
Service To Indigents:			
General Welfare	\$ 3,000	\$ 2,778	\$ 222
JOHN GRAVES FORD MEMORIAL			
<u>HOSPITAL FUND</u>			
Service To Indigents:			
General Welfare	\$ 86,500	\$ 8,874	\$ 77,626
Total Operating Budget - All Funds	\$ 20,004,948	\$ 16,845,531	\$ 3,159,417
Other Financing Uses:			
Transfers to Public Properties			
Corporation Fund	429,755	427,156	2,599
TOTAL BUDGET - ALL FUNDS	\$ 20,434,703	\$ 17,272,687	\$ 3,162,016

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable George H. Lusby, County Judge/Executive
Members of the Scott County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Scott County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated March 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Scott County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Scott County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable George H. Lusby, County Judge/Executive
Members of the Scott County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 24, 2000

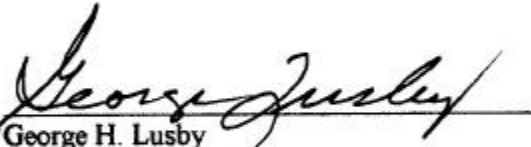
CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE

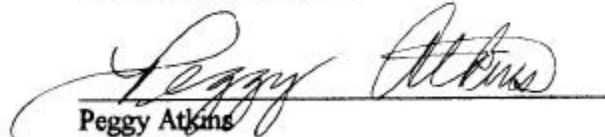
SCOTT COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
SCOTT COUNTY FISCAL COURT

The Scott County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


George H. Lusby
County Judge/Executive


Peggy Atkins
County Treasurer